

**SIOUX COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings and Questioned Costs  
June 30, 2004**

# SIoux COUNTY, IOWA

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# SIoux COUNTY, IOWA

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## **SIOUX COUNTY, IOWA**

### **County Officials**

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Mark Sybesma	Board of Supervisors	January, 2009
Vern Beernink	Board of Supervisors	January, 2009
Loren Bouma	Board of Supervisors	January, 2007
Stanley L. De Haan	Board of Supervisors	January, 2007
John Degen	Board of Supervisors	January, 2009
Dennis Lange	County Auditor	January, 2009
Robert Hagey	County Treasurer	January, 2007
Anita Van Bruggen	County Recorder	January, 2007
Dan Altena	County Sheriff	January, 2009
Melissa O'Rourke	County Attorney	January, 2007
Ross Simmelink	County Assessor	January, 2009



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P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2004 on our consideration of Sioux County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining non-major fund financial statements, and the Schedule of Expenditures of Federal Awards which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
October 15, 2004

# SIoux COUNTY, IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2004. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

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### 2004 FINANCIAL HIGHLIGHTS

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- Sioux County governmental funds revenue increased \$1,728,884 from fiscal year ending 2003. Property taxes totaled \$5,554,001 for fiscal year ending 2004.
- Sioux County program expenses were \$13,401,227 in FY04.
- Sioux County's net assets increased approximately \$3,110,441 from FY03.
- Sioux County began construction of a Public Safety Center in FY01. This capital project was completed in fiscal year ending 2004.

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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government.

**Notes to the Financial Statements** provide more detailed data and explain some of the information in the financial statements.

**Supplemental Information** provides detailed information about the non-major special revenue and the individual fiduciary funds.

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## REPORTING THE COUNTY AS A WHOLE

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### The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported



using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY04 totaled approximately \$40,263,274. This compares to FY03 at \$37,152,833. The analysis that follows focuses on the components of net assets for the governmental activities.

### Net Assets of Governmental Activities (Expressed in Thousands)

	2004	2003
Current and other assets	\$ 17,602	\$ 18,902
Capital assets	34,702	31,269
Total Assets	52,304	50,171
Long-term debt outstanding	5,499	5,708
Other liabilities	6,542	7,310
Total liabilities	12,041	13,018

Net assets:

Invested in capital assets, net of related debt	28,927	25,318
Restricted	425	11
Unrestricted	10,911	11,824
Total net assets	\$ 40,263	\$ 37,153

An insignificant portion of the County's net assets, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,911,610) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the year, the County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The County's net assets increased by \$3,110,441 during the current year. This increase is attributable to the efficient operations of the activities of the County.

**Governmental Activities** – Governmental activities increased the County's net assets by \$3,110,441. Key elements of this increase are as follows:

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	2004	2003
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,228	\$ 753
Operating grants and contributions	5,515	4,730
Capital grants and contributions	2,707	1,507
General revenues:		
State Tax Credits	305	297
Local Option Sales Tax	863	963
Property tax	5,334	4,481
General intergovernmental revenues	79	776
Use of money and property	242	409
Other general revenues	238	396
Total revenues	16,511	14,312
Program expenses:		
Public safety and legal services	2,882	2,286
Physical health and social services	981	1,238
Mental health	2,175	2,290
County environment and education	612	699
Roads and transportation	4,350	5,110
Government services to residents	651	466
Administration or general government	1,397	1,410
Non-Program Services	30	
Capital projects	54	10

	2004	2003
Interest on long-term debt	269	273
Total expenses	13,401	13,782
Increase (decrease) in net assets	3,110	530
Net assets July 1	37,153	36,623
Net assets June 30	\$ 40,263	\$ 37,153

The following information was taken from the levy rates certified by the Iowa State Department of Revenue and Finance.

Sioux County increased property tax rates by .71400 per thousand dollars of taxable valuation in FY04.

The General Basic Fund levy was increased by .93534 from FY03. Levy rates were unchanged in the Rural Basic fund.

The MH/DD levy was lowered by .03145 per thousand dollars of taxable valuation.

The Debt Service levy for the Public Safety Center was lowered because payments were made from lower than estimated costs for the project.

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#### INDIVIDUAL MAJOR FUND ANALYSIS

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As Sioux County completed the year, its governmental funds reported a combined fund balance of \$11,350,465.

The General Fund, as the operating fund of Sioux County, ended FY04 with a balance of \$1,342,904. The General Fund ending fund balance in FY03 was \$1,645,774. This represents a decrease of \$302,870. The General Fund balance continues to decline. In addition to cutbacks in state shared revenue, interest rates have dropped significantly, causing this balance to drop to the point where in coming years, additional property taxes will need to be raised to stabilize the fund.

The MH/DD Fund ended FY04 with a balance of \$742,099. The ending fund balance for FY03 was \$806,490. This represents a decrease of \$64,391. The MH/DD Fund is entirely determined by state mandated formulas. Even though the balance has dropped from last year, the balance is adequate to begin FY05. If state mandates continue to determine the amount of money we can levy in this fund, cuts to types of services currently funded may be required.

The Rural Services Fund ended FY04 with a balance of \$643,720. The ending fund balance for FY03 was \$788,210. This represents a decrease of \$144,490. The Rural Services fund balance has decreased due to deficit budgeting.

The Secondary Road Fund ended FY04 with a balance of \$5,656,675. The ending fund balance for FY03 was \$4,386,747. This represents an increase of \$1,269,928. The Secondary Road Fund balance continues to be a bright spot in the Sioux County budget.

The Capital Projects Fund ended FY04 with a balance of \$558,216. The ending fund balance for FY03 was \$2,384,262. This represents a decrease of \$1,826,046. The Capital Projects Fund balance decrease is due to the Public Safety Center being completed in FY04. The project was completed under the original estimate, so not only were additional enhancements possible, but also the county has the ability to repay some of the bond money from remaining balances.

### **General Fund Budgetary Highlights**

Over the course of the year, Sioux County amended expenditures \$2,513,610 and Revenues \$250,000, for a net increase of \$2,263,610. This increase was primarily because when the budget for FY04 was submitted, it was assumed that the majority of costs for the Public Safety Center would have been paid in FY03. However, many expenditures were carried into FY04 causing an amendment to be necessary. Also, additional grants were received for services provided in this fiscal year, causing a need for both revenues and expenditures to be amended accordingly. There were no significant variations between the final budget amounts and the actual results for the general fund.

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### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

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#### **Capital Assets**

At the end of FY04, Sioux County had approximately \$34,701,865 invested in capital assets.

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#### **Capital Assets of Governmental Activities at Year End (Expressed in Thousands)**

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	<b>2004</b>	<b>2003</b>
Land	\$ 1,044	\$ 1,030
Buildings and improvements	9,934	4,819
Equipment	10,234	8,840
Infrastructure	35,500	32,702
Construction in Progress	191	4,888
Totals	<u>\$ 56,903</u>	<u>\$ 52,279</u>

The County had depreciation expense of \$2,041,153 for the year ended June 30, 2004 and total accumulated depreciation at June 30, 2004 of \$22,201,389. The total increase in Sioux County's investment in capital assets (net of accumulated depreciation) was 11% due primarily to the final construction costs for the public safety center and the construction of various roads and bridges within Sioux County.

#### **Debt**

Sioux County is assigned an **A1** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY04 Sioux County had bonded indebtedness of \$5,650,000.

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**Outstanding Debt of Governmental Activities at Year-End  
(Expressed in Thousands)**

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	2004	2003
General obligation bonds	\$ 5,650	\$ 5,855
Capital lease purchase agreements	125	96
Totals	<u>\$ 5,775</u>	<u>\$ 5,951</u>

General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction which continues to decrease as scheduled principal payments are made. The capital lease payable increased due to the County entering into two new capital lease purchase agreements to acquire sheriff vehicles.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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Sioux County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that finance the various County services. The tax rate in the Rural Basic Fund remains constant, as it has since FY01. However, it was necessary to increase the tax levy rate in the General Basic Fund to 3.50000 in order to properly fund operations of the new Public Safety Complex, and maintain current balances.

The General Funds ended FY04 with \$627,830 less than the FY03 ending balance. This follows a drop of \$572,110 from the previous year. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.) The increase in the General Basic levy is intended to stabilize that Fund. The tax levy rate in the Debt Service Fund was eliminated. This was possible because the Public Safety Center did not need the entire amount of money borrowed for its completion. The remaining fund balance in the Capital Projects Fund will be transferred to the Debt Service Fund.

Sioux County still struggles from the effects of the FY03 state cutbacks in credits to taxpayers. Even though credits were given to taxpayers, the state failed to make up the difference, so Sioux County was forced to subsidize those credits from its already dwindling fund balance.

These factors were taken into account when adopting the budget for fiscal year 2005. Amounts available for appropriation in the General Fund are approximately \$6,909,000. Amounts available for appropriation in Special Revenue Funds are approximately \$9,920,477. Capital Projects appropriation amounts will be \$474,000 and Debt Service appropriations will be \$474,000.

If these estimates are realized, Sioux County's General Fund balance is expected to remain about the same as at FY04 year-end. The Rural Fund balance is expected to rise slightly from the previous year.

Additional office space has been requested from the Clerk of District Court. As a result of that request and also the need for additional space for various offices in the Courthouse, a

committee has been appointed to explore any options that may meet those needs. This will result in costs for remodeling, building, renting space, or a combination of all three.

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**CONTACTING THE COUNTY'S FINANCIAL MANAGER**

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Dennis Lange  
Sioux County Auditor  
210 Central Avenue SW  
Orange City, Iowa 51041  
(712) 737-2216**

**SIOUX COUNTY BOARD OF SUPERVISORS:**

**Mark Sybesma    Vern Beernink    Loren Bouma    Stanley L. De Haan    John Degen**

**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments (Note 3)	\$ 8,409,734
Receivables:	
Property Tax	11,597
Future Property Tax	5,530,958
Accrued Interest	12,145
Accounts	37,737
Notes (Note 4)	766,375
Due from Other Governmental Agencies	985,406
Bond Issue Costs	21,723
Inventories	1,682,157
Prepaid Insurance	144,268
Land (Note 6)	1,044,542
Construction in Progress	190,617
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 6)	33,466,706
Total Assets	<u>52,303,965</u>
<b>LIABILITIES</b>	
Accounts Payable	239,923
Due to Other Governmental Agencies	145,774
Deferred Revenue	8,657
Unearned Revenue	5,530,958
Accrued Interest Payable	43,973
Salaries and Benefits Payable	64,411
Compensated Absences	232,147
Long Term Debt (Notes 7 and 8)	
Due within one year:	
Capital Lease Payable	61,150
General Obligation Bonds	215,000
Due in more than one year:	
Capital Lease Payable	63,698
General Obligation Bonds	5,435,000
Total Liabilities	<u>12,040,691</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	28,927,017
Restricted for:	
Debt Service	424,647
Unrestricted	10,911,610
Total Net Assets	<u>\$ 40,263,274</u>

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>
		<b>Charges for Services</b>
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 2,881,935	\$ 585,089
Physical health and social services	980,605	4,065
Mental health	2,174,660	72,551
County environment and education	612,363	44,392
Roads and transportation	4,350,621	4,275
Government services to Residents	651,499	517,962
Administration	1,397,237	
Non-program services	29,851	
Capital Projects	53,783	
Interest on long-term debt	268,673	
Total governmental activities	<u>\$ 13,401,227</u>	<u>\$ 1,228,334</u>

See Accompanying Notes to Financial Statements



Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities
\$ 111,945	\$ 5,206	\$ (2,179,695)
703,789		(272,751)
1,015,459		(1,086,650)
36,885		(531,086)
3,625,523	1,661,795	940,972
21,587	284,558	172,608
		(1,397,237)
		(29,851)
	755,110	701,327
		(268,673)
<u>\$ 5,515,188</u>	<u>\$ 2,706,669</u>	<u>\$ (3,951,036)</u>

General Revenues:

Property taxes	5,334,077
Interest and penalties on taxes	40,775
State tax credits	305,210
Local option sales tax	863,137
General Intergovernmental revenues	78,649
Use of money and property	242,520
(Loss) on Sale of Assets	(168,958)
Miscellaneous	366,067
Total general revenues	<u>7,061,477</u>
Change in net assets	3,110,441
Net assets - beginning	37,152,833
Net assets - ending	<u>\$ 40,263,274</u>

**SIOUX COUNTY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2004**

	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and Pooled Investments	\$ 1,293,527	\$ 923,535	\$ 515,814
Receivables:			
Property Tax	10,610	888	99
Future Property Tax	3,319,070	1,027,388	1,184,500
Accrued Interest	9,723		
Accounts	5,077	23,196	
Notes			
Due from Other Funds	5,084		
Due from Other Governmental Agencies	554,913		138,102
Inventories			
Prepaid Insurance	101,624		
Total Assets	<u>5,299,628</u>	<u>1,975,007</u>	<u>1,838,515</u>
<b>Liabilities and Equity</b>			
Liabilities:			
Accounts Payable	106,986	64,240	549
Due to Other Funds	375,000	5,084	
Due to Other Governmental Agencies	11,491	134,283	
Unearned Revenue	17,471	359	40
Unearned Revenue	3,319,070	1,027,388	1,184,500
Salaries and Benefits Payable	9,608		34
Compensated Absences	117,098	1,554	9,672
Total Liabilities	<u>3,956,724</u>	<u>1,232,908</u>	<u>1,194,795</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Inventories			
Reserved for Prepaid Insurance	101,624		
Reserved for Long-term notes			
Unreserved for:			
General Fund	1,241,280		
Special Revenue Fund		742,099	643,720
Capital Project Fund			
Total Fund Balances	<u>1,342,904</u>	<u>742,099</u>	<u>643,720</u>
Total Liabilities and Equity	<u>\$ 5,299,628</u>	<u>\$ 1,975,007</u>	<u>\$ 1,838,515</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 3,852,500	\$ 468,620	\$ 183,216	\$ 1,169,434	\$ 8,406,646
				11,597
				5,530,958
			2,422	12,145
9,464				37,737
			766,375	766,375
		375,000		380,084
292,391				985,406
1,682,157				1,682,157
42,644				144,268
5,879,156	468,620	558,216	1,938,231	17,957,373
63,889				235,664
				380,084
				145,774
				17,870
				5,530,958
54,769				64,411
103,823				232,147
222,481	-	-	-	6,606,908
	468,620			468,620
1,682,157				1,682,157
42,644				144,268
			766,375	766,375
				1,241,280
3,931,874			1,171,856	6,489,549
		558,216		558,216
5,656,675	468,620	558,216	1,938,231	11,350,465
\$ 5,879,156	\$ 468,620	\$ 558,216	\$ 1,938,231	

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not

financial resources and, therefore, are not reported in the funds.

34,701,865

Internal service funds are used by management to charge the costs of self-insured health are not included in the statement of net assets.

(1,171)

Deferred revenues and accrued expenses from the balance sheet that provide current financial resources for governmental activities.

(34,760)

Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.

21,723

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(5,774,848)

\$ 40,263,274

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

	General	Mental Health
Revenue:		
Property and other county tax	\$ 3,003,128	\$ 960,401
Interest and penalties on taxes	40,775	
Intergovernmental	1,600,947	1,077,317
Licenses and permits		
Charges for services	569,689	72,551
Use of money and property	152,691	
Miscellaneous	65,259	
Total Revenue	<u>5,432,489</u>	<u>2,110,269</u>
Expenditures:		
Current operating:		
Public safety and legal services	2,491,168	
Physical health and social services	986,694	
Mental Health		2,174,660
County environment and education	378,388	
Roads and transportation		
Government services to residents	530,589	
Administration	1,414,469	
Non-program services	19,223	
Capital projects		
Debt service:		
Principal		
Interest		
Total Expenditures	<u>5,820,531</u>	<u>2,174,660</u>
Excess (deficiency) of revenues over expenditures	<u>(388,042)</u>	<u>(64,391)</u>
Other financing sources (uses):		
Transfers in		
Transfers (out)		
Proceeds from Issuance of Capital Lease	63,515	
Total other financing sources (uses)	<u>63,515</u>	<u>-</u>
Net Change in Fund Balances	(324,527)	(64,391)
Fund balances-beginning of year	1,645,774	806,490
Increase (Decrease) in Reserve for:		
Inventory		
Prepaid Insurance	21,657	
Fund balances- end of year	<u>\$ 1,342,904</u>	<u>\$ 742,099</u>

See Accompanying Notes to Financial Statements

Rural Services	Secondary Roads	Debt Service	Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 1,976,655		\$ 255,890			\$ 6,196,074
					40,775
84,718	\$ 5,287,318	13,876	\$ 93,750	\$ 14,295	8,172,221
	4,275				4,275
17,727				57,939	717,906
1,818	5,250		35,112	47,649	242,520
	179,444	111,075	117	14,354	370,249
2,080,918	5,476,287	380,841	128,979	134,237	15,744,020
412,331				2,964	2,906,463
					986,694
					2,174,660
230,510				464	609,362
	3,970,872				3,970,872
1,735				9,617	541,941
					1,414,469
					19,223
	2,109,632		1,405,025	14,698	3,529,355
		205,250			205,250
		267,791			267,791
644,576	6,080,504	473,041	1,405,025	27,743	16,626,080
1,436,342	(604,217)	(92,200)	(1,276,046)	106,494	(882,060)
	1,580,832	550,000			2,130,832
(1,580,832)			(550,000)		(2,130,832)
					63,515
(1,580,832)	1,580,832	550,000	(550,000)	-	63,515
(144,490)	976,615	457,800	(1,826,046)	106,494	(818,545)
788,210	4,386,747	10,820	2,384,262	1,831,737	11,854,040
	290,494				290,494
	2,819				24,476
\$ 643,720	\$ 5,656,675	\$ 468,620	\$ 558,216	\$ 1,938,231	\$ 11,350,465

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

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*Amounts reported for governmental activities in the statement of activities are different because:*

Net change in fund balances - total governmental funds (page 20)	\$	(818,545)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 5,642,694	
Depreciation expense	<u>(2,041,153)</u>	3,601,541

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain/loss on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.	(168,958)
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Revenues reported in the funds that are not available to provide current financial resources	1,140
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Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	(1,290)
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Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities.	4,400
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Accrued interest expense that does not require current financial resources	658
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The repayment of the principal of bonded long-term debt consumes the current financial resources of the governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	205,000
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The net increase in leases payable does not consume current financial resources	(28,475)
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Inventories and prepaid insurance in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>314,970</u>
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Change in net assets of governmental activities (page 16)	<u>\$ 3,110,441</u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**JUNE 30, 2004**

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**ASSETS**

**Current Assets**

Cash and Pooled Investments	\$ 3,088
<b>Total Assets</b>	<b><u>3,088</u></b>

**LIABILITIES**

**Current Liabilities**

Accounts Payable	4,259
<b>Total Liabilities</b>	<b><u>4,259</u></b>

**NET ASSETS**

Unrestricted	<b><u>\$ (1,171)</u></b>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2004**

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<b>Operating revenues:</b>	
Charges for services to operating funds	\$ 35,000
Reimbursement from employees/insurance	154
<b>Total operating revenue</b>	<u>35,154</u>
<b>Operating expenses:</b>	
Claims paid	21,169
Administrative fees	9,698
<b>Total operating expenses</b>	<u>30,867</u>
<b>Operating Income</b>	4,287
<b>Nonoperating income:</b>	
Interest on investments	<u>113</u>
<b>Net Income</b>	4,400
Transfers from Other Funds	<u>-</u>
<b>Change in Net Assets</b>	4,400
<b>Net assets - beginning</b>	<u>(5,571)</u>
<b>Net assets - ending</b>	<u><u>\$ (1,171)</u></u>



**SIOUX COUNTY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2004**

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<b>Cash flows from operating activities:</b>	
Cash received from employer contributions	\$ 35,000
Cash received from retiree/other contribution	154
Cash payments for insurance premiums and services	<u>(42,179)</u>
<b>Net cash (used) by operating activities</b>	<b>(7,025)</b>
 <b>Cash flows from investing activities:</b>	
Interest on investments	<u>113</u>
 <b>Net increase in cash and cash equivalents</b>	<b>(6,912)</b>
 Cash and pooled investments - beginning of year	<u>10,000</u>
 Cash and pooled investments - end of year	<u><u>\$ 3,088</u></u>
  <b>Reconciliation of operating (loss) to net cash used in operating activities:</b>	
Operating income	\$ 4,287
Change in assets and liabilities:	
(Decrease) in accounts payable	<u>(11,312)</u>
 Net cash (used) by operating activities	<u><u>\$ (7,025)</u></u>

**SIoux COUNTY, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2004**

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**ASSETS**

Cash and Pooled Investments	\$	1,285,829
Receivables:		
Property Tax		22,682
Future Property Tax		24,172,569
Accounts		23,589
Assessments		149,691
Notes		14,541
Due from Other Governments		8,308
Total Assets		<u>25,677,209</u>

**LIABILITIES**

Accounts Payable	150,823
Due to Other Governments	25,495,119
Trusts Payable	1,446
Salaries and Benefits Payable	6,506
Compensated Absences	23,315
Total Liabilities	<u>\$ 25,677,209</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The County applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its one proprietary fund.

The more significant accounting policies established in GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's internal service fund is classified as a primarily governmental type activity.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific county focus. The nonmajor funds are combined in a column in the fund financial statements.

The County reports the following major governmental Funds:

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by the law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

- 3) Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

- 4) Capital Project Fund – The Capital Project Fund is used to account for the construction of the County Public Safety Center.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance.

The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the financial statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’s internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund’s equity in the County’s investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
Certificates of Deposit	Cost
GNMA Securities	Fair Values
Federal Home Loan Mortgage Securities	Based upon quoted market prices
FNMA Securities	"
SLMA Securities	"
U.S. Treasury Notes	"
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – The County’s property tax rates were extended against the assessed valuation of the County as of January 1, 2002 to compute the amounts that became liens on property on July 1, 2003. These taxes were due and payable in two installments on September 30, 2003 and March 31, 2004 at the County Treasurer’s Office. Property tax receivable represents taxes that are due and payable but have not been collected.
- H. Future Property Taxes Receivable – This represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Although the succeeding year property tax receivable has been recorded, for governmental funds the revenue is recorded as unearned revenue and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

- I. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- J. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- K. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- L. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- M. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation benefits. A liability for vacation is reported in the fund financial statements as all vacation is expected to be used within the next fiscal year. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absence liability attributable to the governmental activities will be paid primarily by the General Fund and Secondary Roads Fund.
- N. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- O. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

P. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS**

The County's deposits at June 30, 2004 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year-end. The County's investments are all Category 1 which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

The County's deposits at June 30, 2004 are as follows:

	<b>Carrying Value</b>	<b>Bank Balance</b>
Cash on Hand .....	\$ 27,508	-
Demand Deposits .....	1,793,107	\$ 2,865,554
Time Deposits .....	3,375,000	3,375,000
Total .....	<u>\$ 5,195,615</u>	<u>\$ 6,240,554</u>

The County's investments at June 30, 2004 are stated at fair value and are as follows:

	<b>Fair Value</b>
Federal National Mortgage Association Securities .....	\$ 250,120
U.S. Government Securities:	
Federal Home Loan Mortgage Securities .....	588,751
Federal Home Loan Bank Securities .....	1,348,915
Total .....	<u>\$ 2,187,786</u>



**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)**

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,312,162, pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization. There were no significant differences in investments held during the year.

**NOTE 3 - NOTES RECEIVABLE**

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2004, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$385,786 during the year ended June 30, 2004. The loans are secured by real estate mortgages and personal guarantees of the business owners.

**Loans by the Sioux County Revolving Loan Fund are as follows:**

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term of Loan	Monthly Payment	Loan Balance June 30, 2004
Rosenboom Machine & Tool	April 6, 2000	100,000	5.95 %	5 yrs.	1,931	\$ 18,793
Nemschoff Chairs, Inc.	April 27, 2000	100,000	4.95	6 yrs.	1,608	33,859
Den Hartog Industries	November 1, 2001	100,000	3.85	5 yrs	1,835	50,734
Valley Machining Co., Inc.	November 23, 1999	100,000	5.78	6 yrs.	1,647	28,328
	October 10, 2001	100,000	5.25	5 yrs.	1,899	49,931
Sioux Automation Center, Inc	July 31, 2000	100,000	6.30	6 yrs.	1,671	41,975
Quality Machine Products, Inc.	March 16, 2001	9,417	6.30	5 yrs.	183	5,388
	November 1, 2001	9,167	6.30	5 yrs.	178	6,280
	February 28, 2002	5,216	6.30	4 yrs.	123	3,622
Jabacin Technologies	February 1, 2002	50,000	3.33	5 yrs.	906	37,304
	March 6, 2002	50,000	3.33	5 yrs.	920	37,870
Valley Industrial Powder Coating, Inc.	June 4, 2002	75,000	3.35	5 yrs.	1,359	46,482
Total Component Solutions	August 2, 2002	100,000	3.30	5 yrs.	1,812	65,244
Quality Machining Products	August 23, 2002	29,167	6.30	4 yrs.	798	23,448
Quality Machining Products	September 27, 2002	2,591	6.30	3.5 yrs.	70	2,069
Revival Animal Health	January 28, 2003	100,000	3.80	7 yrs.	1,358	82,942
Midwest Enrg Flakes, Inc.	August 4, 2003	50,000	3.80	7 yrs.	679	44,720
VH Manufacturing	August 15, 2003	60,000	3.00	5 yrs.	1,078	50,614
Siouxland Fabricating	November 6, 2003	50,000	3.00	5 yrs.	898	44,545
Patrick Cudahy, Inc.	January 20, 2004	100,000	3.00	5 yrs.	1,797	92,227
		<u>\$ 1,290,558</u>				<u>\$ 766,375</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 3 - NOTES RECEIVABLE – (CONTINUED)**

Rural Community 2000 Program Loan - During the year ended June 30, 1990, the County was awarded a loan in the amount of \$90,000 for well installation and improvement and water main installation from the Iowa Department of Economic Development's Rural Community 2000 Program, which the County subsequently loaned to the Southern Sioux Rural Water System. This note is secured by the system improvements made with the loan. The loan requires 15 annual payments of \$7,599 annually, which represents principal and interest at three percent per annum. The balance at June 30, 2004 was \$14,541.

The County is required to remit the proceeds of the loan repayments from the subrecipients to the Iowa Department of Economic Development. The activity is recorded in a Fiduciary Fund showing both a notes receivable and a due to other governments.

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The detail of interfund receivables and payables at June 30, 2004 is as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Mental Health Fund	\$ 5,084
Capital Projects	General	375,000
		<u>\$ 380,084</u>

These balances were a result of receipts recorded in the General Fund and Mental Health Fund in error. The interfund receivables and payables were set up to correct the error.

**NOTE 5 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer In:</u>	<u>Transfer Out:</u>		
	<u>Rural Services</u>	<u>Capital Projects</u>	<u>Transfer Out</u>
Secondary Roads	\$ 1,580,832	-	\$ 1,580,832
Debt Service Fund	-	\$ 550,000	550,000
	<u>\$ 1,580,832</u>	<u>\$ 550,000</u>	<u>\$ 2,130,832</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.
2. Move excess funds in the capital project fund to the debt service fund to service repayment of the General Obligation Bonds issued for the Public Safety Center project.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,029,844	\$ 14,698	-	\$ 1,044,542
Construction in Progress	4,887,932	1,826,417	\$ 6,523,732	190,617
Total capital assets not being depreciated	5,917,776	1,841,115	6,523,732	1,235,159
Capital assets being depreciated:				
Buildings	4,818,834	5,118,425	2,822	9,934,437
Equipment	8,840,502	1,639,749	246,460	10,233,791
Infrastructure	32,701,786	3,567,137	769,056	35,499,867
Total capital assets being depreciated	46,361,122	10,325,311	1,018,338	55,668,095
Less: Accumulated Depreciation for:				
Buildings	3,756,424	78,483	1,381	3,833,526
Equipment	5,485,962	505,162	238,938	5,752,186
Infrastructure	11,767,230	1,457,508	609,061	12,615,677
Total Accumulated Depreciation	21,009,616	2,041,153	849,380	22,201,389
Total capital assets being depreciated, net	25,351,506	8,284,158	168,958	33,466,706
Governmental activities capital assets, net	\$ 31,269,282	\$ 10,125,273	\$ 6,692,690	\$ 34,701,865

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 79,871
Physical Health and Social Services	511
County Environment and Education	46,155
Roads and Transportation	1,777,694
Government Services to Residents	114,650
Administration	11,644
Non-Program	10,628
	<u>\$ 2,041,153</u>

**Reconciliation of Investment in Capital Assets:**

	<u>Governmental Activities</u>
Land	\$ 1,044,542
Construction in Progress	190,617
Capital Assets (net of accumulated depreciation)	33,466,706
Less: General Obligation Bonds	(5,650,000)
Capital Lease Payable	<u>(124,848)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 28,927,017</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 7 - CAPITAL LEASE PURCHASE AGREEMENT**

The County has entered into lease agreements as lessee for financing the acquisition of sheriff vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments as of the inception date.

The following is a summary of the changes in the capital lease payable:

	<b>Capital Lease Payable</b>
Balance Beginning of Year	\$ 96,373
Increases	63,515
Decreases	35,040
Balance End of Year	<u>\$ 124,848</u>
Due Within One Year	<u>\$ 61,150</u>

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>
Equipment	\$ 185,030
Less: Accumulated Depreciation	(37,552)
Total	<u>\$ 147,478</u>

The following is a schedule of the future minimum lease payments, including interest ranging from 3.48% to 5.7%, per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2004.

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2005	\$ 61,150	\$ 4,801	\$ 65,951
2006	41,900	2,165	44,065
2007	21,798	407	22,205
Total Minimum Lease Payments			132,221
Less Amount Representing Interest			(7,373)
Present Value of Net Minimum Lease Payments			<u>\$ 124,848</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 8 - GENERAL OBLIGATION DEBT**

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. The following is a summary of the changes in long-term liability for the year ended June 30, 2004:

	<u>General Obligation Bonds</u>
Balance Beginning of Year	\$ 5,855,000
Decreases	205,000
Balance End of Year	<u>\$ 5,650,000</u>
Due Within One Year	<u>\$ 215,000</u>

The annual requirements to amortize this debt are as follows:

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	4.50%	\$ 215,000	\$ 258,566	473,566
2006	4.50%	225,000	248,891	473,891
2007	4.50%	240,000	238,766	478,766
2008	4.50%	250,000	227,966	477,966
2009	4.50%	265,000	216,716	481,716
2010-2014	4.50% - 4.30%	1,550,000	897,934	2,447,934
2015-2019	4.45% - 4.70%	1,970,000	518,384	2,488,384
2020-2021	4.80% - 5.00%	935,000	70,181	1,005,181
		<u>\$ 5,650,000</u>	<u>\$ 2,677,404</u>	<u>\$ 8,327,404</u>

\$468,620 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

**NOTE 9 - PENSION AND RETIREMENT**

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 percent of their annual covered salary and the County is required to contribute 5.75 percent of annual covered payroll except for law enforcement employees, in which case the percentages are 4.99% and 7.48%, respectively. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$254,060, \$232,168, and \$216,410, respectively, equal to the required contributions for each year.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 10 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to insure against such risks of loss. There were no settlements in excess of insurance coverage during the past three years or any significant reductions in coverage.

**NOTE 11 - CONTINGENCY**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2004, the County estimates that no material liabilities will result from such audits.

**NOTE 12 - CONSTRUCTION COMMITMENT**

The County has entered into several contracts totaling \$309,847 for bridge construction and roadway paving. As of June 30, 2004, no costs had been incurred against the contracts and the contract will be paid as work on the projects progress.

**NOTE 13 - FUND BALANCE DESIGNATIONS**

The County Board of Supervisors designated \$50,000 of the general fund balance per year, beginning in fiscal year 2000 for the purchase of new electronic voting equipment. The total designation at June 30, 2004 was \$250,000.

The Board has also designated \$300,000 of the Rural Services Fund Balance, including all interest earned on the original designation, for a total of \$333,604 at June 30, 2004, to be used to assist cities in the purchase of new ambulances.

The designations are included in unreserved fund balances in the government-wide financial statements and in the applicable fund financial statements.

**NOTE 14 - FUND DEFICITS**

The financial statements include the following funds with cumulative fund deficits at June 30, 2004:

Internal Service – Partially Self-Funded Health Insurance ..... \$ 1,171

This fund deficit will be financed with amounts from the general and secondary road funds for employees covered by insurance in each area.

**NOTE 15 - CONDUIT DEBT OBLIGATIONS**

The County has issued Senior Housing Revenue Bonds to provide financial assistance to a non-profit corporation for the acquisition, construction, and equipping of assisted and independent housing for seniors deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the non-profit corporation. Neither the County, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 15 - CONDUIT DEBT OBLIGATIONS – (CONTINUED)**

As of June 30, 2004, Senior Housing Revenue Bonds outstanding had an original issue amount of \$4,500,000. The outstanding balance at June 30, 2004 was \$4,125,000.

**NOTE 16 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN**

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Blue Cross and Blue Shield of Iowa. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$500 for single individuals and \$1,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Blue Cross and Blue Shield of Iowa from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2004 was \$35,000.

Amounts payable from the PSF Health Insurance Fund at June 30, 2004 total \$4,259 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 17 - GUARANTEED DEBT**

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

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## REQUIRED SUPPLEMENTARY INFORMATION

**SIOUX COUNTY, IOWA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**
**AND ACTUAL, GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS**
**For the Year Ended June 30, 2004**

General Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property taxes	\$ 3,084,944	\$ 3,084,944	\$ 3,006,847	\$ (78,097)
Interest and penalties on taxes	31,000	31,000	40,689	9,689
Intergovernmental	1,866,114	2,116,114	1,288,633	(827,481)
Licenses and permits	50	50		(50)
Charges for services	453,420	453,420	554,690	101,270
Use of money and property	280,050	280,050	162,813	(117,237)
Miscellaneous	84,695	84,695	57,295	(27,400)
Total Revenue	5,800,273	6,050,273	5,110,967	(939,306)
Expenditures:				
Current operating:				
Public safety and legal services	2,453,096	2,453,096	2,429,628	23,468
Physical health and social services	913,675	1,163,675	981,178	182,497
Mental Health				-
County environment and education	378,594	378,594	378,821	(227)
Roads and transportation				-
Government services to residents	608,500	608,500	522,738	85,762
Administration	1,553,127	1,553,127	1,407,125	146,002
Non-program services	53,750	53,750	19,307	34,443
Capital projects				-
Total Expenditures	5,960,742	6,210,742	5,738,797	471,945
Excess (deficiency) of revenues over expenditures	(160,469)	(160,469)	(627,830)	(467,361)
Other financing sources (uses):				
Transfers in				-
Transfers out				-
Sale of General Fixed Assets	4,150	4,150		(4,150)
Total other financing sources (uses)	4,150	4,150	-	(4,150)
Net Change in Fund Balances	\$ (156,319)	\$ (156,319)	(627,830)	\$ (471,511)
Fund balances-beginning of year			1,551,441	
Fund balances- end of year			\$ 923,611	

Mental Health				Rural Services			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Amended			Original	Amended		
\$ 968,688	\$ 968,688	\$ 961,578	\$ (7,110)	\$ 2,046,455	\$ 2,046,455	\$ 2,075,553	\$ 29,098
1,328,555	1,328,555	1,077,091	(251,464)	85,300	85,300	88,163	2,863
50,500	50,500	67,542	17,042	4,150	4,150	18,636	14,486
			-	4,000	4,000	1,818	(2,182)
			-				-
2,347,743	2,347,743	2,106,211	(241,532)	2,139,905	2,139,905	2,184,170	44,265
			-	452,885	452,885	413,077	39,808
			-				-
2,479,816	2,479,816	2,214,366	265,450	236,783	236,783	230,522	6,261
			-				-
			-	4,200	4,200	1,735	2,465
			-				-
			-				-
2,479,816	2,479,816	2,214,366	265,450	693,868	693,868	645,334	48,534
(132,073)	(132,073)	(108,155)	23,918	1,446,037	1,446,037	1,538,836	92,799
			-				-
			-	(1,580,832)	(1,580,832)	(1,580,832)	-
			-				-
-	-	-	-	(1,580,832)	(1,580,832)	(1,580,832)	-
\$ (132,073)	\$ (132,073)	(108,155)	\$ 23,918	\$ (134,795)	\$ (134,795)	(41,996)	\$ 92,799
		1,026,606				557,810	
		\$ 918,451				\$ 515,814	

(Continued)

**SIOUX COUNTY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - (Continued)**  
**For the Year Ended June 30, 2004**

<b>Secondary Roads</b>				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property taxes				-
Interest and penalties on taxes				-
Intergovernmental	\$ 3,637,220	\$ 3,637,220	\$ 3,847,607	\$ 210,387
Licenses and permits	2,000	2,000	4,210	2,210
Charges for services		-		-
Use of money and property	4,500	4,500	5,250	750
Miscellaneous	73,000	73,000	172,448	99,448
Total Revenue	3,716,720	3,716,720	4,029,515	312,795
Expenditures:				
Current operating:				
Public safety and legal services				-
Physical health and social services				-
Mental Health				-
County environment and education				-
Roads and transportation	4,478,800	4,478,800	3,981,263	497,537
Government services to residents				-
Administration				-
Non-program services				-
Capital projects	2,547,700	2,547,700	717,237	1,830,463
Total Expenditures	7,026,500	7,026,500	4,698,500	2,328,000
Excess (deficiency) of revenues over expenditures	(3,309,780)	(3,309,780)	(668,985)	2,640,795
Other financing sources (uses):				
Transfers in	1,580,832	1,580,832	1,580,832	-
Transfers out				-
Sale of General Fixed Assets				-
Total other financing sources (uses)	1,580,832	1,580,832	1,580,832	-
Net Change in Fund Balances	\$ (1,728,948)	\$ (1,728,948)	911,847	\$ 2,640,795
Fund balances-beginning of year			2,940,653	
Fund balances- end of year			\$ 3,852,500	

**COUNTY OF SIOUX, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

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In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the accrual budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,513,610. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2004, the County had two budget amendments. The amendments are as follows:

<b><u>Function</u></b>	<b><u>Original Budget</u></b>	<b><u>Amendments</u></b>	<b><u>Amended Budget</u></b>
Public Safety and Legal Services	\$ 2,905,981		\$ 2,905,981
Physical Health and Social Services	913,675	\$ 250,000	1,163,675
Mental Health	2,479,816		2,479,816
County Environment and Education	627,877		627,877
Roads and Transportation	4,478,800		4,478,800
Government Services to Residents	624,700		624,700
Administration	1,553,127		1,553,127
Non-Program	53,750		53,750
Capital Projects	3,130,900	2,263,610	5,394,510
Debt Service	473,042		473,042
Total	<u>\$ 17,241,668</u>	<u>\$ 2,513,610</u>	<u>\$ 19,755,278</u>

**COUNTY OF SIOUX, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

The following schedule demonstrates the County's legal compliance to the budget:

<b><u>Function</u></b>	<b><u>Amended Budget</u></b>	<b><u>Actual (Cash Basis)</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
Public Safety and Legal Services	\$ 2,905,981	\$ 2,845,669	\$ 60,312
Physical Health and Social Services	1,163,675	981,178	182,497
Mental Health	2,479,816	2,214,366	265,450
County Environment and Education	627,877	609,807	18,070
Roads and Transportation	4,478,800	3,981,263	497,537
Government Services to Residents	624,700	534,090	90,610
Administration	1,553,127	1,407,125	146,002
Non-Program	53,750	19,307	34,443
Capital Projects	5,394,510	2,696,245	2,698,265
Debt Service	473,042	473,041	1
<b>Total</b>	<b>\$ 19,755,278</b>	<b>\$ 15,762,091</b>	<b>\$ 3,993,187</b>

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2003-04 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

**Governmental Fund Types**

	<b>General</b>		
	<b><u>Cash Basis</u></b>	<b><u>Accrual Adjustments</u></b>	<b><u>Modified Accrual Basis</u></b>
Revenues	\$ 5,110,967	\$ 321,522	\$ 5,432,489
Expenditures	5,738,797	18,219	5,757,016
Net	(627,830)	303,303	(324,527)
Beginning Fund Balance	1,551,441	94,333	1,645,774
Increase in Reserve for Prepaid Insurance		21,657	21,657
Ending Fund Balance	<u>\$ 923,611</u>	<u>\$ 419,293</u>	<u>\$ 1,342,904</u>

**Governmental Fund Types**

	<b>Mental Health</b>		
	<b><u>Cash Basis</u></b>	<b><u>Accrual Adjustments</u></b>	<b><u>Modified Accrual Basis</u></b>
Revenues	\$ 2,106,211	\$ 4,058	\$ 2,110,269
Expenditures	2,214,366	(39,706)	2,174,660
Net	(108,155)	43,764	(64,391)
Beginning Fund Balance	1,026,606	(220,116)	806,490
Ending Fund Balance	<u>\$ 918,451</u>	<u>\$ (176,352)</u>	<u>\$ 742,099</u>

**COUNTY OF SIOUX, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

<b>Governmental Fund Types</b>			
<b>Rural Services</b>			
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 2,184,170	\$ (103,252)	\$ 2,080,918
Expenditures	645,334	(758)	644,576
Net	1,538,836	(102,494)	1,436,342
Other Financing Sources (Uses)	(1,580,832)		(1,580,832)
Beginning Fund Balance	557,810	230,400	788,210
Ending Fund Balance	\$ 515,814	\$ 127,906	\$ 643,720
<b>Governmental Fund Types</b>			
<b>Secondary Roads</b>			
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 4,029,515	\$ 1,446,772	\$ 5,476,287
Expenditures	4,698,500	1,382,004	6,080,504
Net	(668,985)	64,768	(604,217)
Other Financing Sources (Uses)	1,580,832		1,580,832
Beginning Fund Balance	2,940,653	1,446,094	4,386,747
Increase in Reserve for Inventory		290,494	290,494
Increase in Reserve for Prepaid Insurance		2,819	2,819
Ending Fund Balance	\$ 3,852,500	\$ 1,804,175	\$ 5,656,675
<b>Governmental Fund Types</b>			
<b>Debt Service</b>			
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 381,259	\$ (418)	\$ 380,841
Expenditures	473,041	-	473,041
Net	(91,782)	(418)	(92,200)
Other Financing Sources (Uses)	550,000		550,000
Beginning Fund Balance	10,402	418	10,820
Ending Fund Balance	\$ 468,620	\$ -	\$ 468,620

**COUNTY OF SIOUX, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

	<b>Governmental Fund Types</b>		
	<b>Capital Projects</b>		<b>Modified</b>
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 224,012	\$ (95,033)	\$ 128,970
Expenditures	1,964,310	(559,285)	1,405,025
Net	(1,740,298)	464,252	(1,276,046)
Other Financing Sources (Uses)	(550,000)		(550,000)
Beginning Fund Balance	2,848,514	(464,252)	2,384,262
Ending Fund Balance	\$ 558,216	\$ -	\$ 558,216

	<b>Governmental Fund Types</b>		
	<b>Non-Major Funds</b>		<b>Modified</b>
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 258,658	\$ (124,421)	\$ 134,237
Expenditures	27,743	-	27,743
Net	230,915	(124,421)	106,494
Beginning Fund Balance	938,519	(670,276)	268,243
Ending Fund Balance	\$ 1,169,434	\$ (794,697)	\$ 374,737

	<b>Governmental Fund Types</b>		
	<b>Cash Basis</b>	<b>Total Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 14,294,792	\$ 1,449,228	\$ 15,744,020
Expenditures	15,762,091	800,474	16,462,565
Net	(1,467,299)	648,754	(818,545)
Other Financing Sources (Uses)	-	-	-
Beginning Fund Balance	9,873,945	416,601	10,290,546
Increase in Reserve for Inventory	-	290,494	290,494
Increase in Reserve for Prepaid Insurance	-	24,476	24,476
Ending Fund Balance	\$ 8,406,646	\$ 1,380,325	\$ 9,786,971



## OTHER SUPPLEMENTARY INFORMATION

**SIOUX COUNTY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2004**

	<b>Special Revenue Funds</b>	
	<b>Recorder's Records Management Fund</b>	<b>Federal Revenue Sharing</b>
<b>Assets</b>		
Cash and Pooled Investments	\$ 18,467	\$ 119,240
Receivables:		
Accrued Interest		
Notes		
<b>Total Assets</b>	<u>18,467</u>	<u>119,240</u>
<b>Fund Balances:</b>		
Reserved for:		
Long-term notes		
Unreserved for:		
Special Revenue Fund	18,467	119,240
<b>Total Fund Balances</b>	<u>18,467</u>	<u>119,240</u>
<b>Total Liabilities and Equity</b>	<u>\$ 18,467</u>	<u>\$ 119,240</u>

Special Revenue Funds						
Sioux County Revolving Loan Fund	Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Recorder Electronic Transaction Fee	Total	
\$ 837,442	\$ 12,826	\$ 61,431	\$ 97,293	\$ 22,735	\$ 1,169,434	
2,422					2,422	
766,375					766,375	
1,606,239	12,826	61,431	97,293	22,735	1,938,231	
766,375					766,375	
839,864	12,826	61,431	97,293	22,735	1,171,856	
1,606,239	12,826	61,431	97,293	22,735	1,938,231	
\$ 1,606,239	\$ 12,826	\$ 61,431	\$ 97,293	\$ 22,735	\$ 1,938,231	

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2004**

	<b>Special Revenue Funds</b>	
	<b>Recorder's Records Management Fund</b>	<b>Federal Revenue Sharing</b>
Revenue:		
Intergovernmental		
Charges for services	\$ 8,585	
Use of money and property	90	\$ 2,290
Miscellaneous		
Total Revenue	<u>8,675</u>	<u>2,290</u>
Expenditures:		
Current operating:		
Public safety and legal services		
County environment and education		
Government services to residents	8,015	
Capital projects		
Total Expenditures	<u>8,015</u>	<u>-</u>
Excess of revenues over expenditures	<u>660</u>	<u>2,290</u>
Net Change in Fund Balances	660	2,290
Fund balances-beginning of year	<u>17,807</u>	<u>116,950</u>
Fund balances- end of year	<u>\$ 18,467</u>	<u>\$ 119,240</u>

Special Revenue Funds						
Sioux County Revolving Loan Fund	Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Recorder Electronic Transaction Fee	Total	
		14,295	-	-	\$	14,295
			\$ 26,665	\$ 22,689		57,939
\$ 44,297	\$ 51	292	583	46		47,649
50	3,852		10,452			14,354
44,347	3,903	14,587	37,700	22,735		134,237
	2,964					2,964
			464			464
1,602						9,617
			14,698			14,698
1,602	2,964	-	15,162	-		27,743
42,745	939	14,587	22,538	22,735		106,494
42,745	939	14,587	22,538	22,735		106,494
1,563,494	11,887	46,844	74,755	-		1,831,737
\$ 1,606,239	\$ 12,826	\$ 61,431	\$ 97,293	\$ 22,735	\$	1,938,231

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	<b>County Recorder</b>	<b>County Sheriff</b>	<b>Agricultural Extension</b>	<b>County Assessor</b>
<b>ASSETS</b>				
Cash and Pooled Investments		\$ 80,005	\$ 680	\$ 215,004
Receivables:				
Property Tax			137	256
Future Property Tax			158,642	296,005
Accounts	\$ 285			
Assessments				
Notes				
Due from Other Governments				
Total Assets	285	80,005	159,459	511,265
<b>LIABILITIES</b>				
Accounts Payable		1,446		131,595
Due to Other Governments	285	78,559	159,459	368,499
Salaries and Benefits Payable				93
Compensated Absences				11,078
Total Liabilities	\$ 285	\$ 80,005	\$ 159,459	\$ 511,265

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 151,758	\$ 3,112	\$ 39,017	\$ 3,488	\$ 4,947	\$ 588,858
11,528	479	10,266	13		
14,038,639	623,034	8,816,863	235,586		
				149,691	
14,201,925	626,625	8,866,146	239,087	154,638	588,858
14,201,925	626,625	8,866,146	239,087	154,638	588,858
\$ 14,201,925	\$ 626,625	\$ 8,866,146	\$ 239,087	\$ 154,638	\$ 588,858

(continued)

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF NET ASSETS - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Property Tax Agency	Joint Disaster Services	Brucellosis and Tuberculosis Eradication	Communica- tion Commission
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 10,144	\$ 39,842	\$ 60	\$ 82,635
Receivables:				
Property Tax			3	
Future Property Tax			3,800	
Accounts				
Assessments				
Notes				
Due from Other Governments		1,115		7,193
Total Assets	10,144	40,957	3,863	89,828
<b>LIABILITIES</b>				
Accounts Payable		268		8,545
Due to Other Governments	10,144	38,717	3,863	64,605
Compensated Absences				6,413
Salaries and Benefits Payable		1,972		10,265
Total Liabilities	\$ 10,144	\$ 40,957	\$ 3,863	\$ 89,828



Public Disposal Grounds	E-911	Rural Community 2000 Program Loan	Tax Redemption	Recorder Electronic Fees	Total
\$ 29,734	\$ 33,115			\$ 3,430	\$ 1,285,829
					22,682
					24,172,569
	23,304				23,589
					149,691
		\$ 14,541			14,541
					8,308
29,734	56,419	14,541		3,430	25,677,209
	10,415				152,269
29,734	46,004	14,541		3,430	25,495,119
					6,506
					23,315
\$ 29,734	\$ 56,419	\$ 14,541		\$ 3,430	\$ 25,677,209

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Addi- tions	Deduc- tions	Balance June 30, 2004
<b>County Recorder</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 408,786	\$ 408,786	\$ -
Accounts Receivable	329	285	329	285
Total Assets	<u>329</u>	<u>409,071</u>	<u>409,115</u>	<u>285</u>
<u>Liabilities</u>				
Accounts Payable	329	-	329	-
Due to Other Governments	-	409,071	408,786	285
Total Liabilities	<u>-</u>	<u>409,071</u>	<u>408,786</u>	<u>285</u>
<b>County Sheriff</b>				
<u>Assets</u>				
Cash and Pooled Investments	107,152	609,915	637,062	80,005
Total Assets	<u>107,152</u>	<u>609,915</u>	<u>637,062</u>	<u>80,005</u>
<u>Liabilities</u>				
Accounts Payable	-	1,446	-	1,446
Due to Other Governments	107,152	608,469	637,062	78,559
Total Liabilities	<u>107,152</u>	<u>609,915</u>	<u>637,062</u>	<u>80,005</u>
<b>Agricultural Extension Education</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,637	151,995	152,952	680
Property Tax Receivable	298	137	298	137
Future Property Tax	153,530	158,642	153,530	158,642
Total Assets	<u>155,465</u>	<u>310,774</u>	<u>306,780</u>	<u>159,459</u>
<u>Liabilities</u>				
Due to Other Governments	155,465	310,774	306,780	159,459
Total Liabilities	<u>155,465</u>	<u>310,774</u>	<u>306,780</u>	<u>159,459</u>
<b>County Assessor</b>				
<u>Assets</u>				
Cash and Pooled Investments	326,400	352,903	464,299	215,004
Property Tax Receivable	685	256	685	256
Future Property Tax	346,815	296,005	346,815	296,005
Total Asset	<u>673,900</u>	<u>649,164</u>	<u>811,799</u>	<u>511,265</u>
<u>Liabilities</u>				
Accounts Payable	71,067	131,595	71,067	131,595
Due to Other Governments	591,735	506,398	729,634	368,499
Salaries and Benefits Payable	-	93	-	93
Compensated Absences	11,098	11,078	11,098	11,078
Total Liabilities	<u>\$ 673,900</u>	<u>\$ 649,164</u>	<u>\$ 811,799</u>	<u>\$ 511,265</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Addi- tions	Deduc- tions	Balance June 30, 2004
<b>Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 162,199	\$ 15,040,410	\$15,050,851	\$ 151,758
Property Tax Receivable	28,065	11,528	28,065	11,528
Future Property Tax	15,180,205	14,038,639	15,180,205	14,038,639
Total Assets	<u>15,370,469</u>	<u>29,090,577</u>	<u>30,259,121</u>	<u>14,201,925</u>
<u>Liabilities</u>				
Due to Other Governments	<u>15,370,469</u>	<u>29,090,577</u>	<u>30,259,121</u>	<u>14,201,925</u>
Total Liabilities	<u>15,370,469</u>	<u>29,090,577</u>	<u>30,259,121</u>	<u>14,201,925</u>
<b>Area Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	6,327	814,641	817,856	3,112
Property Tax Receivable	1,148	479	1,148	479
Future Property Tax	821,672	623,034	821,672	623,034
Total Assets	<u>829,147</u>	<u>1,438,154</u>	<u>1,640,676</u>	<u>626,625</u>
<u>Liabilities</u>				
Due to Other Governments	<u>829,147</u>	<u>1,438,154</u>	<u>1,640,676</u>	<u>626,625</u>
Total Liabilities	<u>829,147</u>	<u>1,438,154</u>	<u>1,640,676</u>	<u>626,625</u>
<b>Corporations</b>				
<u>Assets</u>				
Cash and Pooled Investments	32,244	8,190,642	8,183,869	39,017
Property Tax Receivable	2,852	10,266	2,852	10,266
Future Property Tax	8,317,178	8,816,863	8,317,178	8,816,863
Total Assets	<u>8,352,274</u>	<u>17,017,771</u>	<u>16,503,899</u>	<u>8,866,146</u>
<u>Liabilities</u>				
Due to Other Governments	<u>8,352,274</u>	<u>17,017,771</u>	<u>16,503,899</u>	<u>8,866,146</u>
Total Liabilities	<u>8,352,274</u>	<u>17,017,771</u>	<u>16,503,899</u>	<u>8,866,146</u>
<b>Townships</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,433	229,920	229,865	3,488
Property Tax Receivable	639	13	639	13
Future Property Tax	229,931	235,586	229,931	235,586
Total Assets	<u>234,003</u>	<u>465,519</u>	<u>460,435</u>	<u>239,087</u>
<u>Liabilities</u>				
Due to Other Governments	<u>234,003</u>	<u>465,519</u>	<u>460,435</u>	<u>239,087</u>
Total Liabilities	<u>\$ 234,003</u>	<u>\$ 465,519</u>	<u>\$ 460,435</u>	<u>\$ 239,087</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Addi- tions	Deduc- tions	Balance June 30, 2004
<b>City Special Assessments</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 7,883	\$ 236,052	\$ 238,988	\$ 4,947
Assessments Receivable	159,878	149,691	159,878	149,691
Total Assets	<u>167,761</u>	<u>385,743</u>	<u>398,866</u>	<u>154,638</u>
<u>Liabilities</u>				
Due to Other Governments	<u>167,761</u>	<u>385,743</u>	<u>398,866</u>	<u>154,638</u>
Total Liabilities	<u>167,761</u>	<u>385,743</u>	<u>398,866</u>	<u>154,638</u>
<b>Auto License and Use Tax</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>535,233</u>	<u>6,841,652</u>	<u>6,788,027</u>	<u>588,858</u>
Total Assets	<u>535,233</u>	<u>6,841,652</u>	<u>6,788,027</u>	<u>588,858</u>
<u>Liabilities</u>				
Due to Other Governments	<u>535,233</u>	<u>6,841,652</u>	<u>6,788,027</u>	<u>588,858</u>
Total Liabilities	<u>535,233</u>	<u>6,841,652</u>	<u>6,788,027</u>	<u>588,858</u>
<b>Property Tax Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>6,201</u>	<u>3,943</u>	<u>-</u>	<u>10,144</u>
Total Assets	<u>6,201</u>	<u>3,943</u>	<u>-</u>	<u>10,144</u>
<u>Liabilities</u>				
Due to Other Governments	<u>6,201</u>	<u>3,943</u>	<u>-</u>	<u>10,144</u>
Total Liabilities	<u>6,201</u>	<u>3,943</u>	<u>-</u>	<u>10,144</u>
<b>Joint Disaster Services</b>				
<u>Assets</u>				
Cash and Pooled Investments	43,611	122,843	126,612	39,842
Due from Other Governments	<u>8,054</u>	<u>1,115</u>	<u>8,054</u>	<u>1,115</u>
Total Assets	<u>51,665</u>	<u>123,958</u>	<u>134,666</u>	<u>40,957</u>
<u>Liabilities</u>				
Accounts Payable	1,763	268	1,763	268
Due to Other Governments	49,357	121,718	132,358	38,717
Compensated Absences	<u>545</u>	<u>1,972</u>	<u>545</u>	<u>1,972</u>
Total Liabilities	<u>\$51,665</u>	<u>\$ 123,958</u>	<u>\$ 134,666</u>	<u>\$ 40,957</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Addi- tions	Deduc- tions	Balance June 30, 2004
<b>Brucellosis and Tuberculosis Eradication</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 104	\$ 4,254	\$ 4,298	\$ 60
Property Tax Receivable	8	3	8	3
Future Property Tax	4,196	3,800	4,196	3,800
Total Assets	<u>4,308</u>	<u>8,057</u>	<u>8,502</u>	<u>3,863</u>
<u>Liabilities</u>				
Due to Other Governments	<u>4,308</u>	<u>8,057</u>	<u>8,502</u>	<u>3,863</u>
Total Liabilities	<u>4,308</u>	<u>8,057</u>	<u>8,502</u>	<u>3,863</u>
<b>Communication Commission</b>				
<u>Assets</u>				
Cash and Pooled Investments	103,986	244,287	265,638	82,635
Accounts Receivable	10	-	10	-
Due from Other Governments	-	7,193	-	7,193
Total Assets	<u>103,996</u>	<u>251,480</u>	<u>265,648</u>	<u>89,828</u>
<u>Liabilities</u>				
Accounts Payable	526	8,545	526	8,545
Salaries and Benefits Payable	4,234	6,413	4,234	6,413
Due to Other Governments	90,819	226,257	252,471	64,605
Compensated Absences	8,417	10,265	8,417	10,265
Total Liabilities	<u>103,996</u>	<u>251,480</u>	<u>265,648</u>	<u>89,828</u>
<b>Public Disposal Grounds</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<b>E-911</b>				
<u>Assets</u>				
Cash and Pooled Investments	100,165	105,894	172,944	33,115
Accounts Receivable	25,464	23,304	25,464	23,304
Total Assets	<u>125,629</u>	<u>129,198</u>	<u>198,408</u>	<u>56,419</u>
<u>Liabilities</u>				
Accounts Payable	-	10,415	-	10,415
Due to Other Governments	125,629	118,783	198,408	46,004
Total Liabilities	<u>\$ 125,629</u>	<u>\$ -</u>	<u>\$ 198,408</u>	<u>\$ 56,419</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Addi- tions	Deduc- tions	Balance June 30, 2004
<b>Rural Community 2000 Program Loan</b>				
<u>Assets</u>				
Notes Receivable	\$ 21,496		\$ 6,955	\$ 14,541
Total Assets	<u>21,496</u>	<u>-</u>	<u>6,955</u>	<u>14,541</u>
<u>Liabilities</u>				
Due to Other Governments	<u>21,496</u>		<u>6,955</u>	<u>14,541</u>
Total Liabilities	<u>21,496</u>	<u>-</u>	<u>6,955</u>	<u>14,541</u>
<b>Tax Redemption</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>-</u>	<u>126,576</u>	<u>126,576</u>	<u>-</u>
Total Assets	<u>-</u>	<u>126,576</u>	<u>126,576</u>	<u>-</u>
<u>Liabilities</u>				
Due to Other Governments	<u>-</u>	<u>126,576</u>	<u>126,576</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>126,576</u>	<u>126,576</u>	<u>-</u>
<b>Recorder Electronic Fees</b>				
<u>Assets</u>				
Cash and Pooled Investments	<u>-</u>	<u>42,925</u>	<u>39,495</u>	<u>3,430</u>
Total Assets	<u>-</u>	<u>42,925</u>	<u>39,495</u>	<u>3,430</u>
<u>Liabilities</u>				
Due to Other Governments	<u>-</u>	<u>42,925</u>	<u>39,495</u>	<u>3,430</u>
Total Liabilities	<u>-</u>	<u>42,925</u>	<u>39,495</u>	<u>3,430</u>
<b>Total All Agency Funds</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,466,309	33,527,638	33,708,118	1,285,829
Receivables:				
Property Tax	33,695	22,682	33,695	22,682
Future Property Tax	25,053,527	24,172,569	25,053,527	24,172,569
Accounts	25,793	23,589	25,793	23,589
Assessments	159,878	149,691	159,878	149,691
Notes	21,496	-	6,955	14,541
Due from Other Governments	<u>8,054</u>	<u>8,308</u>	<u>8,054</u>	<u>8,308</u>
Total Assets	<u>26,768,752</u>	<u>57,904,477</u>	<u>58,996,020</u>	<u>25,677,209</u>
<u>Liabilities</u>				
Accounts Payable	73,685	152,269	73,685	152,269
Due to Other Governments	26,670,783	57,722,387	58,898,051	25,495,119
Salaries and Benefits Payable	4,234	6,506	4,234	6,506
Compensated Absences	<u>20,060</u>	<u>23,315</u>	<u>20,060</u>	<u>23,315</u>
Total Liabilities	<u>\$26,768,762</u>	<u>\$ 57,904,477</u>	<u>\$58,996,030</u>	<u>\$25,677,209</u>

**COUNTY OF SIOUX, IOWA**

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Years Ended June 30, 2004, 2003, 2002, 2001**

	Modified Accrual Basis of Accounting			
	2004	2003	2002	2001
<b>Revenue:</b>				
Property and other county tax	\$ 6,196,074	\$ 5,454,921	\$ 4,834,778	\$ 4,689,629
Interest and penalty on property tax	40,775	38,396	70,639	48,848
Intergovernmental	8,172,221	7,249,579	6,790,547	6,542,331
Licenses and permits	4,275	2,795	2,540	2,350
Charges for services	717,906	743,788	661,250	515,959
Use of money and property	242,520	408,525	437,316	636,133
Miscellaneous	370,249	117,132	158,368	315,603
<b>Total Revenue</b>	<b>\$ 15,744,020</b>	<b>\$ 14,015,136</b>	<b>\$ 12,955,438</b>	<b>\$ 12,750,853</b>
<b>Expenditures:</b>				
Current operating:				
Public safety and legal services	\$ 2,906,463	\$ 2,282,799	\$ 2,138,301	\$ 2,073,541
Physical health and social services	986,694	1,223,510	1,006,665	847,658
Mental health	2,174,660	2,289,533	2,290,381	2,300,302
County environment and education	609,362	714,627	988,396	340,388
Roads and transportation	3,970,872	3,744,588	3,900,787	3,522,691
Government services to residents	541,941	444,305	432,884	377,219
Administration	1,414,469	1,356,819	1,423,917	1,230,821
Non-program services	19,223	-	35,215	37,019
Capital projects	3,529,355	5,024,516	1,514,180	1,213,659
Debt service	473,041	465,286	-	-
<b>Total</b>	<b>\$ 16,626,080</b>	<b>\$ 17,545,983</b>	<b>\$ 13,730,726</b>	<b>\$ 11,943,298</b>

**SIOUX COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis)**  
**Year Ended June 30, 2004**

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
<b>Direct:</b>			
U.S. Marshall's Service Cooperative Agreement Program	16.001-29-003PP		\$ 93,750 *
<b>Indirect:</b>			
<b>DEPARTMENT OF AGRICULTURE</b>			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		6,938
<b>DEPARTMENT OF JUSTICE</b>			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency Prevention	16.540		5,915
Governor's Office of Drug Control Policy:			
Byrne Formula Grant Program	16.579		45,815
Local Law Enforcement Block Grant	16.592		5,206
Iowa Department of Justice; Attorney General's Crime			
Victim Assistance Division:			
Crime Victim Assistance	16.575		20,000
Violence Against Women Formula Grants	16.588		7,000
<b>DEPARTMENT OF TRANSPORTATION</b>			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-84(103)-8J-84	178,811
		BROS-84(104)-8J-84	57,743
			<u>236,554 *</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Iowa Department of Human Services:			
Centers for Disease Control and Prevention - Investigations			
and Tehnical Assistance	93.283		42
Promoting Safe and Stable Families	93.556		1,007
Child Care and Development Block Grant	93.575		82,390
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		9,126
Refugee and Entrant Assistance - State			
Administered Programs	93.566		27
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		1,719
Foster Care - Title IV-E	93.658		4,259
Adoption Assistance	93.659		1,109
Medical Assistance Program	93.778		9,219
Social Services Block Grant	93.667		5,992
Social Services Block Grant	93.667		92,303
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Iowa Department of Public Defense; Iowa Homeland			
Security and Emergency Management Division:			
State and Local Homeland Security Training Program	97.005		1,000
Emergency Management Performance Grants	97.042		<u>21,817</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 651,188</u></u>

\* Total disbursements from these programs exceed 50% of the total federal awards and are considered major programs.



**SIOUX COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis) - (Continued)**  
**Year Ended June 30, 2004**

**Notes to Schedule of Expenditures of Federal Awards**

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Note 1 - **Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sioux County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**SIOUX COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance that is material to the financial statements.
- (d) No reportable condition in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - Grant Number 16.001-29-03PP – U.S. Marshall's Service Cooperative Agreement Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Sioux County did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements and Federal Award Expenditures**

**INSTANCES OF NON COMPLIANCE:**

No matters were reported.

There were no prior year audit findings.

**REPORTABLE CONDITIONS:**

No matters were reported.

**SIOUX COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**Part III: Other Findings Related to Required Statutory Reporting**

- III-A-04** Official Depositories – The Board has adopted a resolution naming official depositories. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- III-B-04** Certified Budget – Disbursements for the year ended June 30, 2004 did not exceed the amounts budgeted.
- III-C-04** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- III-D-04** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-E-04** Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2004.
- III-F-04** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- III-G-04** Board Minutes – An interfund transfer was not approved in the minutes of the County in accordance with Chapter 331.432 of the Code of Iowa.

Recommendation – The County should document the approval of interfund transfers in the minutes of the Board of Supervisors of the County in accordance with Chapter 331.432 of the Code of Iowa.

Response – The County will ensure that approval of interfund transfers will be documented in the minutes of the Board of Supervisors of the County.

Conclusion – Response accepted.

- III-H-04** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.
- III-I-04** Resource Enhancement and Protection Certification – The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

**SIOUX COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**Part III: Other Findings Related to Required Statutory Reporting – (Continued)**

- III-J-04** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

**SIOUX COUNTY, IOWA**  
**Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**II-A-03**   Financial Accounting – Segregation of Duties

Segregation of Duties – We noted several instances where a better segregation of duties would enhance the internal control. In all cases identified, the cause of the lack of segregation of duties can be attributed to a limited number of employees working in that office.

Recommendation – Segregation of duties is difficult with the limited number of employees. This observation reminds management that this weakness exists and we recommend that the duties be reviewed to provide maximum segregation of work possible under the circumstances.

Current Status – The finding has been resolved for the year ended June 30, 2004.

**II-B-03**   Grant Administration

Observation – The County does not have a system in place to monitor the various grants received by the County.

Recommendation – The County should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Current Status – The finding has been resolved for the year ended June 30, 2004.

**III-C-03**   Personal Use of County Credit Card

Observation – During our review of expenditures, we noted personal use of a County credit card by sheriff's office personnel that was reimbursed by the employee. Also, credit card statements were submitted for payment without invoices for documentation.

Recommendation – We recommend adoption of a written credit card policy, prohibiting personal use of County credit cards and requiring county personnel submitting bills for payment to include copies of all invoices.

Current Status – Personal use of county credit cards has been prohibited so this finding has been resolved for the year ended June 30, 2004.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors  
Sioux County, Iowa:

***Compliance:***

We have audited the compliance of SIOUX COUNTY, IOWA with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Sioux County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sioux County, Iowa's management. Our responsibility is to express an opinion on Sioux County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sioux County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sioux County, Iowa's compliance with those requirements.

In our opinion, Sioux County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

***Internal Control Over Compliance:***

The management of Sioux County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sioux County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of supervisors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*Williams + Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
October 15, 2004





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Sioux County, Iowa

We have audited the financial statements of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2004, and have issued our report thereon dated October 15, 2004. We conducted our audit in accordance with U.S generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance:***

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

***Internal Control Over Financial Reporting:***

In planning and performing our audit, we considered Sioux County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit.

If you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
October 15, 2004